

ANNUAL REPORT

OF

DULUTH, SOUTH SHORE AND
ATLANTIC RAILROAD COMPANY

For the Year ended
December 31, 1950.

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ANNUAL REPORT

OF

DULUTH, SOUTH SHORE AND
ATLANTIC RAILROAD COMPANY

For the Year ended

December 31, 1950.

DULUTH, SOUTH SHORE AND ATLANTIC RAILROAD COMPANY

DIRECTORS

R. S. Archibald	Negaunee, Michigan
N. R. Crump	Montreal, Quebec
J. A. Dundas	Montreal, Quebec
Endicott R. Lovell	Calumet, Michigan
Henry S. Mitchell	Minneapolis, Minn.
Ward R. Schafer	Duluth, Minnesota
Harry B. Stoker	Duluth, Minnesota
Peter N. Todhunter	Chicago, Illinois

OFFICERS

Henry S. Mitchell,	President,	Minneapolis, Minn.
P. L. Solether,	Vice Pres. and Secretary,	" "
C. H. Bender,	Treasurer and Asst. Sec'y,	" "
Wm. Leicester,	Assistant Treasurer,	" "
L. H. Murray,	Asst. to the President,	" "
R. J. Barry,	Gen'l Superintendent,	Marquette, Mich.
A. C. Stenberg,	Gen'l Traffic Manager,	" "
J. B. Donnelly,	Comptroller,	Minneapolis, Minn.

Bond Registrar and Paying Agent:
Central Hanover Bank & Trust Company of New York

Transfer Agent, Common Stock:
P. L. Solether, Room 1734 First National-Soo Line Bldg.,
Minneapolis 2, Minnesota

Annual Meeting, Third Tuesday in April; at Minneapolis,
Minnesota, unless otherwise designated.

Total railway operating revenues were \$7,093,373 in 1950 as compared with \$5,693,628 in the previous year, an increase of \$1,399,745 or 24.6%. Freight revenues were up \$1,330,310 or 25.5% due largely to an increase in transportation of manufactured articles, the heavy movement in the last half of 1950 of all-rail ore from Superior to St. Ignace, and a substantial increase in ore received at the Marquette ore dock. Tons carried one mile increased approximately 130,500,000 or 38.6%. Mail revenues increased \$80,128 due to an accrual in 1950 accounts of estimated amount owed by the U.S. Government covering increased compensation for handling mail during the period from February 19, 1947 to December 31, 1950.

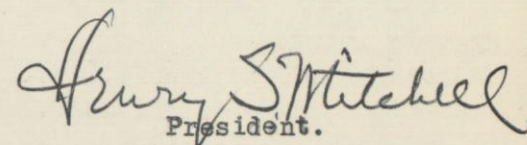
Operating expenses decreased \$188,172 from the 1949 total of \$5,721,681. This was due mainly to decreases in track maintenance expense, in train fuel costs through increased use of Diesel-electric locomotives and in personal injury costs, offset in part by increases in transportation expense due to increased train miles and in depreciation charges due to acquisition of additional equipment, and to accrual of estimated amount of wage increases to the operating organizations effective October 1, 1950. Equipment rents-net increased \$133,317. Other income (less miscellaneous deductions) increased \$26,965 due mainly to operations of the Mackinac Transportation Company resulting in a loss in 1949 and in a profit in 1950. Fixed charges increased \$39,785 due to interest payments on equipment obligations and to the clearance of reorganization expenses.

After allowing for the interest and sinking fund requirements of the mortgage, there remained a net income of \$688,142 as compared with a net deficit of \$542,186 in 1949, the latter figure being exclusive of interest accrued but not paid on the predecessor companies' bonds, notes and advances.

The gross cost of improvements made to the property during 1950 was \$479,741, consisting chiefly of betterments to track and the purchase of two Diesel-electric road-switch locomotives.

In the above comparisons, the figures for 1949 include those for both predecessor companies prior to November 1, 1949, and for the present company for the remaining two months of the year.

On behalf of the Board of Directors,


President.

Minneapolis, Minnesota,
March 28, 1951.

COMPARATIVE GENERAL BALANCE SHEET

A S S E T S I D E

	Dec. 31, 1950	Dec. 31, 1949	Increase or (Decrease)
INVESTMENTS:			
Road and Equipment Property:			
Road	\$ 16 550 116	\$ 16 424 072	\$ 126 044
Equipment	5 562 161	5 460 325	101 836
Total	22 112 277	21 884 397	227 880
Less:			
Acquisition adjustment	2 722 459	2 637 996	84 463
Donations and grants	8 724	7 642	1 082
Accrued depreciation - road	1 910 320	1 872 980	37 340
Accrued depreciation - equipment	1 976 925	2 030 435	(53 510)
Total	6 618 428	6 549 053	69 375
Net	15 493 849	15 335 344	158 505
Sinking Fund - First Mortgage	167	75 000	(74 833)
Miscellaneous physical property	29 575	29 453	122
Investments in affiliated companies:			
Stocks - pledged under First Mortgage ..	148 567	148 567	-
Advances	342 709	333 529	9 180
Other investments:			
U.S. Government securities (long term) ..	116 235	112 725	3 510
Miscellaneous	-	3 038	(3 038)
Total investments	16 131 102	16 037 656	93 446
CURRENT ASSETS:			
Cash	1 411 075	1 271 394	139 681
U.S. Government securities (short term) ...	649 662	-	649 662
Special deposits:			
For interest obligations	6 066	41 802	(35 736)
For distribution to holders of bonds of predecessor companies	9 785	65 431	(55 646)
Employees' Income tax and Savings Bonds.	44 170	41 780	2 390
Loans and bills receivable	-	157	(157)
Traffic and car service balances	8 803	32 101	(23 298)
Agents' and conductors' balances	81 146	94 905	(13 759)
Miscellaneous accounts receivable	375 540	265 355	110 185
Material and supplies	911 936	1 053 472	(141 536)
Interest and dividends receivable	4 817	121	4 696
Accrued accounts receivable	137 813	82 056	55 757
Other current assets	3 023	6 621	(3 598)
Total	3 643 836	2 955 195	688 641
DEFERRED ASSETS:			
Working fund advances	1 514	5 797	(4 283)
Insurance and other funds	5 500	-	5 500
Other deferred assets	40 642	48 751	(8 109)
Total	47 656	54 548	(6 892)
UNADJUSTED DEBITS:			
Prepayments	14 404	15 387	(983)
Other unadjusted debits	1 057 413	70 630	986 783
Total	1 071 817	86 017	985 800
GRAND TOTAL	\$ 20 894 411	\$ 19 133 416	\$ 1 760 995

COMPARATIVE GENERAL BALANCE SHEET

LIABILITY SIDE

	<u>Dec. 31, 1950</u>	<u>Dec. 31, 1949</u>	<u>Increase or (Decrease)</u>
CAPITAL STOCK:			
210,000 common shares of no par value stated at \$50.00 per share	\$ 10 500 000	\$ 10 500 000	\$ -
LONG-TERM DEBT:			
First Mortgage 4% income bonds due January 1, 1995	4 827 300	5 000 000	(172 700)
Issued\$5,000,000 Retired through Sinking Fund..... 172,700			
Equipment obligations	2 743 061	1 761 272	981 789
Total	7 570 361	6 761 272	809 089
CURRENT LIABILITIES:			
Audited accounts & wages payable	423 511	425 298	(1 787)
Miscellaneous accounts payable	122 904	105 721	17 183
Interest matured unpaid	9 172	41 971	(32 799)
Unmatured interest accrued ...	193 092	-	193 092
Accrued accounts payable	181 832	173 096	8 736
Taxes accrued	140 705	136 164	4 541
Other current liabilities	52 811	109 279	(56 468)
Total	1 124 027	991 529	132 498
DEFERRED LIABILITIES:.....	180 322	140 723	39 599
UNADJUSTED CREDITS:.....	250 856	282 104	(31 248)
SURPLUS:			
Earned surplus - appropriated..	100 000	75 000	25 000
Earned surplus - unappropriated	1 168 845	382 788	786 057
Total	1 268 845	457 788	811 057
GRAND TOTAL	<u>\$20 894 411</u>	<u>\$19 133 416</u>	<u>\$1 760 995</u>

INCOME ACCOUNT

	YEAR 1 9 5 0	YEAR 1 9 4 9	Increase or (Decrease)
Railway Operating Revenues:			
Freight revenue	\$6 541 162	\$5 210 852	\$1 330 310
Passenger revenue	91 477	145 152	(53 675)
All other revenue	460 734	337 624	123 110
Total Railway Operating Revenues.	7 093 373	5 693 628	1 399 745
Railway Operating Expenses:			
Maintenance of way & structures ...	1 308 203	1 526 830	(218 627)
Maintenance of equipment	1 172 172	1 225 502	(53 330)
Traffic	232 282	217 439	14 843
Transportation	2 627 469	2 531 056	96 413
General	193 383	220 854	(27 471)
Total Railway Operating Expenses.	5 533 509	5 721 681	(188 172)
Net Revenue from Railway Operations	1 559 864	(28 053)	1 587 917
Railway Tax Accruals	311 379	321 329	(9 950)
Railway Operating Income	1 248 485	(349 382)	1 597 867
Rent Income:			
Rent from locomotives	21 117	19 195	1 922
Rent from passenger-train cars	745	1 022	(277)
Rent from work equipment	1 132	1 254	(122)
Joint facility rent income	18 421	29 095	(10 674)
Total Rent Income	41 415	50 566	(9 151)
Rents Payable:			
Hire of freight cars - debit balance	303 304	156 051	147 253
Rent for locomotives	422	13 269	(12 847)
Rent for passenger-train cars	4 574	4 363	211
Rent for work equipment	1 475	1 252	223
Joint facility rents	57 851	65 215	(7 364)
Total Rents Payable	367 626	240 150	127 476
Net Rents Payable	326 211	189 584	136 627
Net Railway Operating Income	922 274	(538 966)	1 461 240
Other Income:			
Miscellaneous rent income	12 399	12 108	291
Misc. non-oper. physical property ..	1 928	1 832	96
Separately operated properties-Profit	22 000	-	22 000
Income from funded securities	8 115	7 090	1 025
Income from unfunded securities and accounts	3 118	25 977	(22 859)
Income from sinking and other reserve funds	-	41	(41)
Miscellaneous income	15	-	15
Total Other Income	47 575	47 048	527
TOTAL INCOME	\$ 969 849	\$(491 918)	\$1 461 767

INCOME ACCOUNT - Continued

	YEAR 1 9 5 0	YEAR 1 9 4 9	Increase or (Decrease)
Miscellaneous Deductions from Income:			
Miscellaneous rents	\$ 35	\$ 64	\$ (29)
Miscellaneous tax accruals	96	31	65
Separately operated properties-Loss	-	27 197	(27 197)
Miscellaneous income charges	1 686	963	723
Total Miscellaneous Deductions..	1 817	28 255	(26 438)
Income before Fixed Charges	968 032	(520 173)	1 488 205
Fixed Charges*			
Interest on equipment obligations and miscellaneous interest	41 938	22 013	19 925
Amortization of discount on funded debt	19 860	-	19 860
Total Fixed Charges	61 798	22 013	39 785
Income before Contingent Charges	906 234	(542 186)	1 448 420
Contingent Charges:			
Interest on First Mortgage Bonds..	193 092	-	193 092
Sinking fund - First Mortgage	25 000	-	25 000
Net Income	\$688 142	\$(542 186)	\$1 230 328

*These figures for 1949 do not include interest accrued but not paid in the period Jan.1,1949 to Oct.31,1949 on the predecessor companies' bonds, notes and advances in the amount of \$815,845.

EARNED SURPLUS ACCOUNT

Earned Surplus-Appropriated:

Appropriated for Sinking Fund:

Amount at December 31, 1949	\$75 000
Accrual for Year 1950	25 000
Amount at December 31, 1950	\$ 100 000

Earned Surplus-Unappropriated:

Amount at December 31, 1949\$382 788

Profit & Loss Account-Year 1950:

Net income \$688 142

Credit from bonds retired.. 97 695

Miscellaneous credits 296

Deduct miscellaneous debits (76)

Net addition to Surplus for 1950 ... 786 057

Amount at December 31, 1950 \$1 168 845

Note as to Income Account:

All figures shown for Year 1949 are the combined figures for both predecessor companies prior to Nov. 1, 1949 plus those for the present company for the balance of the year. Figures shown in parenthesis for Year 1949 indicate red character.

1. The purpose of this document is to provide a comprehensive overview of the current status of the project and to identify the key areas that require further attention. The information presented herein is based on the most recent data available and is intended to serve as a guide for decision-making.

2. The project has made significant progress since the last report, with several key milestones being achieved. However, there are still a number of challenges that must be addressed in order to ensure the successful completion of the project. The following table provides a summary of the current status of the project and the key areas that require further attention.

3. The project is currently on track to meet the deadline, but there are a number of risks that could potentially impact the project's success. The following table provides a summary of the current status of the project and the key areas that require further attention.

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